

Host Hotels & Resorts

Corporate Governance Guidelines

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Corporate Governance Guidelines

These Corporate Governance Guidelines (the “Guidelines”) have been developed by the Nominating and Corporate Governance Committee and adopted by the Board of Directors (the “Board”) of Host Hotels & Resorts, Inc. (“Host” or the “Company”). The Guidelines (along with the charters of the Board’s standing committees and the Code of Business Conduct and Ethics) are published on the Company’s website.

The Role of the Board

The role of the Board is to oversee the management of Host and to represent the interests of all the Company’s stockholders to ensure that the long-term interests of stockholders are being served. The paramount duty of the Board is to select a well-qualified and ethical Chief Executive Officer (the “CEO”) and to diligently oversee and monitor the performance of the CEO and other members of senior management in their conduct of the Company’s business. In addition, the Board performs a certain number of specific functions, including:

- reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and significant Company actions;
- evaluating the CEO and overseeing CEO succession planning;
- providing counsel and oversight on the selection, evaluation, development and compensation of senior management; and
- establishing policies for the selection of directors.

It is the responsibility of management, in the exercise of their duty to the Company and its stockholders, to run the Company’s business in an effective and ethical manner. The CEO is the leader of management and vested with the authority to make final decisions on behalf of management.

Composition and Structure of the Board

Size of the Board

The Company’s charter provides that the Board shall consist of not less than three and not more than thirteen members. The Board currently believes that an appropriate size is nine to eleven members allowing, however, for changing circumstances that may warrant a higher or lower number.

Director Qualifications and Selection

The Nominating and Corporate Governance Committee identifies, evaluates and recommends prospective director candidates for the Board in accordance with the policies and procedures described in the Committee’s Charter. The Committee will seek out Board members who possess the highest values, judgment and integrity, and experience in the areas relevant to the Company, taking into account the criteria set forth in the Nominating and Corporate Governance Committee Charter. The Board will then determine which director candidates to submit for

election by the stockholders at the annual meeting. The Board is committed to a diversified membership in terms of professional background, experience, thought, perspective, age, tenure, gender and ethnicity.

Director Resignation Policy

Any nominee for director not elected by the vote required in the Company's Bylaws (the "Bylaws") and who is an incumbent director shall promptly tender his or her resignation to the Board for consideration. The Nominating and Corporate Governance Committee will make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action is recommended, taking into account any factors or other information that they consider appropriate and relevant, including the circumstances that led to the failed election, if known. The Board will act on the tendered resignation within ninety (90) days following certification of the stockholder vote resulting in the failed election and will promptly disclose its decision and rationale as to whether to accept the resignation (or the reasons for rejecting the resignation, if applicable) in a press release, filing with the United States Securities and Exchange Commission or by other public announcement, including a posting on the Company's website. No director who tenders his or her resignation pursuant to this Guideline shall participate in the Nominating and Corporate Governance Committee recommendation or Board action with respect to his or her resignation. Notwithstanding the foregoing, in the event that (a) no nominee for director receives the vote required in the Bylaws, the Nominating and Corporate Governance Committee shall make a final determination as to whether the Company shall accept any or all resignations, including those resignations from the members of the Committee, or (b) no nominee for director who is a member of the Nominating and Corporate Governance Committee receives the vote required in the Bylaws, but one or more director receives the required vote, such elected director(s) shall make a final determination as to whether the Company shall accept any or all resignations, without the need for a recommendation by the Nominating and Corporate Governance Committee. If a director's resignation is accepted by the Board pursuant to this Guideline, or if a nominee for director is not elected and is not an incumbent director, the Board may fill the resulting vacancy or decrease the size of the Board pursuant to the Bylaws. The Board will not fill any vacancy so created with a director who was not elected by the vote required under the Bylaws.

Independence of Directors

It is the policy of the Board that a majority of the directors of the Company will be independent, in accordance with the standards adopted by the Board.

The Nominating and Corporate Governance Committee, on an annual basis, reviews the composition of the Board in terms of independence, experience, expertise, skills, diversity and special knowledge required for the effective discharge of the Board's responsibilities. The Board reviews the independence of all directors annually and affirmatively makes a determination as to the independence of each director. Under the definition of "independence" adopted by the Board, an "independent director" must be determined to have no material relationship with the Company, either directly, or as a partner, stockholder or officer of an organization that has a relationship with the Company. A relationship is "material" if, in the judgment of the Board, it would interfere with the director's independent judgment. Material relationships may include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. In addition, members also must be "independent" within the meaning of the New York Stock Exchange's requirements. To assist it in determining whether a director is

independent, the Board has adopted the director independence guidelines set forth in Appendix A.

Where the director independence guidelines do not address a particular relationship, the determination of whether such relationship is material and, as a result, whether a director is independent will be made by directors who satisfy the director independence guidelines, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Board may determine that a director, under all the facts and circumstances, does not have a relationship that would interfere with the director's independent judgment, as long as the director continues to meet the independence requirements of the New York Stock Exchange even though the director does not meet the guidelines in Appendix A. The Board will disclose the basis for any such determination in the Company's annual proxy statement.

Chairman and Lead Director

The Board annually elects the Chairman of the Board, who presides at all meetings of stockholders and chairs all meetings of the Board. In addition, the Chairman performs all duties which may be required by law and the Company's organizational documents and such other duties as specified by the Board. If the Chairman is not an independent director, the Board annually elects from among the independent directors, a Lead Director. Among other responsibilities, the independent Chairman or Lead Director schedules and presides over executive sessions of the Company's independent directors, regularly meets with the CEO for discussion of matters arising from these meetings, serves as liaison on board-related issues between the Chairman, CEO and the independent directors, and performs such other functions as the Board may specify.

Term Limits and Retirement Age

The Board does not believe in imposing term limits or a mandatory retirement age as such policies may result in the loss of experienced directors who have developed expertise and insights into the Company's business, strategy and industry. The Board recognizes the importance of an appropriate balance of experience and fresh perspectives and considers the overall mix of age and tenure on the Board. The Nominating and Corporate Governance Committee evaluates, at least annually, the Board's composition to ensure that the Board maintains complementary and diverse skill sets, perspectives, backgrounds and experiences for its continued effectiveness.

Changed Circumstances

Directors are required to inform the Nominating and Corporate Governance Committee of any changes in their employment responsibilities in order for the Committee to determine whether it is appropriate to renominate the Board member for continuing Board service. The affected director will be expected to act in accordance with the Board's recommendations.

Unless otherwise requested by the Board, the CEO will resign from the Board concurrently with the termination of his or her employment as CEO.

Service on other Boards

The Board does not believe that its members should be prohibited from serving on boards and committees of other organizations, as long as such membership is consistent with the requirements of the New York Stock Exchange. Management directors, however, must obtain approval from the Nominating and Corporate Governance Committee before accepting a seat on the board of another for-profit organization. Non-management directors must notify the Nominating and Corporate Governance Committee before accepting a seat on the board of directors of another for-profit organization, and the Committee will determine, in its judgment, whether such service will interfere with the director's service on the Board. The affected director will be expected to act in accordance with the Board's recommendations.

Board Meetings

The Board meets at least four times per year. In addition to regularly scheduled meetings, Board meetings may be called with notice complying with the terms of the Bylaws, if needed. Directors are expected to attend in person all regularly scheduled Board meetings. The Board may act by unanimous written consent or electronic transmission of all directors. The Board also expects all directors to attend the annual meeting of stockholders. The Chairman, Lead Director and CEO set the agenda for Board meetings. Any director may request that an item be included on the agenda.

The Company's independent directors shall meet in executive session on a regular basis. Each independent director shall have the right to call an executive session. Time for an executive session will be placed on the agenda for every regular Board meeting. The independent Chairman or Lead Director serves as the presiding director of these sessions.

Board Materials

Directors are expected to review and devote appropriate time to studying Board materials. Materials for meetings are generally delivered four to six days in advance of each Board and committee meeting. In certain cases, due to the sensitive nature of a matter or the need to discuss a matter on short notice, presentations are provided only at the Board or committee meeting. In such event, sufficient time for discussion will be allocated to allow the Board to become adequately informed on such issue.

Committees

The current standing committees of the Board are:

- Audit
- Compensation Policy
- Nominating and Corporate Governance

The Bylaws give the Board authority to create additional committees. Each standing committee has a written charter setting forth the responsibilities, duties and authority of the committee. The Board reviews and approves the charters of the standing committees on an annual basis.

The Audit, Compensation Policy and Nominating and Corporate Governance Committees consist solely of independent directors. The composition of each Committee, including the designation of committee chairs, is determined annually by the Board, based on recommendations from the Nominating and Corporate Governance Committee. Assignments to Committees are made based on a combination of factors, including each individual Board member's expertise and the needs of the Company. The Board also considers the periodic rotation of committee assignments and committee chairs, based on the recommendation of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee considers rotating chair and committee assignments every three to five years, taking into account, among other considerations, the benefits of continuity and experience, the desirability of new perspectives and continual education and engagement for directors, the applicable regulatory and stock exchange requirements, and the appropriate distribution of work.

The Chairman of each committee, in consultation with the committee members, determines the frequency and length of committee meetings consistent with any requirements set forth in the committee charters. Committee agendas are developed by the committee chair in consultation with the appropriate members of management and with the input of other directors. Directors are expected to attend in person all regularly scheduled committee meetings. Each committee chair makes a report on committee matters to the Board, generally at the next regularly scheduled Board meeting following each committee meeting.

The Audit Committee meets in executive session at its regularly scheduled Committee meetings with the Company's internal auditor and the outside auditor, as appropriate. In addition, the Audit Committee meets prior to the release and filing of the Company's quarterly financial reports to review such materials. The Company's internal auditor reports directly to the Audit Committee.

Director Access to Management, Outside Advisors and Others

The Company's senior management team attends Board meetings on a regular basis, both to make special presentations and as a discussion resource, and is available directly to Board members outside of meetings.

The Board and its committees (consistent with the provisions of their respective charters) have the authority to retain such outside counsel, experts, and other advisors as they determine necessary to assist them in the performance of their functions. The costs of all such advisors will be borne by the Company.

The Board has authorized management to speak on behalf of the Company. Individual Board members may, when requested by the Board or the CEO, from time to time, meet or otherwise communicate, on behalf of the Company, with various constituencies involved with the Company.

Communications with the Board

The Company invites stockholders and other interested parties to communicate any concerns they may have about the Company directly and confidentially with either the full Board, the Chairman, the Lead Director or the independent directors as a group by writing to either of them at: c/o Host Hotels & Resorts Inc., 6903 Rockledge Drive, Bethesda, MD 20817, Attn: Corporate Secretary. Communications are distributed to the Board or to any individual director as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, certain items unrelated to the duties and responsibilities of the Board may be excluded,

such as, junk mail and mass mailings, resumes and other forms of job inquiries, surveys, new business suggestions, business solicitations or advertisements. In addition, material that is unduly hostile, threatening or illegal or similarly unsuitable will be excluded.

In addition, the Company has established a hotline for communicating with the Audit Committee regarding accounting, internal accounting controls or auditing matters.

Director Compensation

Independent director compensation is a combination of cash and restricted stock and is designed to align director interests with stockholders' long-term value. Independent directors' total compensation is targeted to be consistent with the compensation philosophy applicable to senior management. The Nominating and Corporate Governance Committee periodically engages an outside consultant and reviews the compensation for independent directors, and as appropriate, makes recommendations to the Board. Management directors do not receive additional compensation for Board service.

The Board believes it is important to align the interests of the independent directors with those of the stockholders and for directors to hold equity ownership positions in the Company. Accordingly, each non-employee director is expected to retain share ownership as set forth in the Company's Stock Ownership and Retention Policy applicable to directors. Management directors are subject to the separate ownership and retention requirements applicable to senior management.

Director Orientation and Continuing Education

New directors participate in an orientation program to assist in familiarizing them with the Company's business and their responsibilities as directors. The Company's senior management is responsible for providing the orientation program to new directors. The orientation program addresses at a minimum: an overview of the Company and its business, the lodging and hospitality industry generally, key corporate performance indicators, strategic goals and risks. Orientation sessions may also be provided to new members of committees. The Company supports directors' periodic participation in continuing education programs to assist them in performing their Board responsibilities.

Evaluations

Board Performance Evaluation

The Board's performance can have an important effect on the overall, long-term business performance of the Company. The Board conducts an annual self-evaluation to assess its effectiveness, on the basis of criteria developed by the Nominating and Corporate Governance Committee. Each of the Board's standing committees conducts an annual self-evaluation.

Management Evaluation and Succession

The Compensation Policy Committee, with oversight from the Nominating and Corporate Governance Committee, conducts a periodic review of the performance of the Company, the CEO and senior management. The CEO and other management directors are not present when the Compensation Policy Committee meets to evaluate the performance of the CEO. The chair of the Compensation Policy Committee reports on that evaluation to the independent directors.

The annual performance review is based, in large part, upon commentary provided by the entire Board. Among the factors considered in the evaluation of the CEO are: strategic thinking; providing vision and direction; industry stature; accelerating change; intelligence; honesty and integrity; motivating and energizing people; teamwork and partnering; delivering results; and developing management. The review includes the Compensation Policy Committee's own assessment and reflects discussions with other Board members.

The Board maintains and annually reviews a succession plan for the CEO and other senior executives, based on the recommendations from the Compensation Policy Committee.

Code of Conduct

The Board has adopted a Code of Business Conduct and Ethics applicable to all of the Company's officers, directors and employees, which is posted on the Company's website. Each officer, director and employee must annually certify compliance with the Code. The Nominating and Corporate Governance Committee oversees implementation and compliance of the Code.

Conflicts of Interest

Consistent with the Company's Code of Business Conduct and Ethics, each director should inform the Board of any actual or potential conflict of interest and, if necessary or appropriate, recuse him or herself from any discussions or decisions involving such matters.

Confidentiality

Directors are expected to maintain the confidentiality of the Company's information consistent with the Code of Business Conduct and Ethics. The Board believes that this obligation of confidentiality extends to the discussions and deliberations that take place among directors in Board and committee meetings and executive sessions. Any breach of confidentiality by a Director would undermine the mutual trust and respect needed for effective Board and committee operations and limit the full and frank discussions among members. Accordingly, every Director is expected to maintain the confidentiality of the discussions they have as Board or committee members as well as any confidential information provided to them in such capacities, not just material non-public information. The only exceptions to this policy of strict confidentiality are instances in which disclosure has been approved in advance and in writing by the Board or the CEO, or is required by law or regulation.

Implementation of the Guidelines

These Guidelines should be interpreted in the context of all applicable laws and the Company's charter, bylaws and other corporate governance documents (each as amended, restated and in effect). These Guidelines are intended to serve as flexible framework within which the Board may conduct its business and not as a set of legally binding obligations.

If the Board ascertains at any time that any of these Guidelines are not being complied with, the Board shall take such action as it deems necessary. The Guidelines will be reviewed annually by the Nominating and Corporate Governance Committee and may be revised, amended and modified by the Board, based on recommendations from Nominating and Corporate Governance Committee.

Director Independence Guidelines

A director will not be considered independent if:

- i. the director is, or has been within the last three years, employed by the Company, except on an interim basis;
- ii. an immediate family member of the director is, or has been within the last three years, employed by the Company as an executive officer;
- iii. the director or an immediate family member is a partner of the Company's internal or external auditor;
- iv. the director is an employee of the Company's internal or external auditor, or an immediate family member of the director is an employee of such firm and personally works on the Company's audit;
- v. the director or an immediate family member was within the last three years a partner or an employee of the Company's internal or external auditor and personally worked on the Company's audit within that time;
- vi. the director is, or has been within the last three years, employed as an executive officer of another company at a time when a present executive officer of Host served on that company's compensation committee;
- vii. an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company at a time when a present executive officer of Host served on that company's compensation committee;
- viii. the director received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- ix. an immediate family member of the director received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- x. the director is currently an employee of a company that makes payments to or receives payments from the Company for property or services in an amount that, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the entity's consolidated gross revenues; or
- xi. an immediate family member of the director is currently an employee of a company that makes payments to or receives payments from the Company for

property or services in an amount that, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the entity's consolidated gross revenues.

A director will not be considered independent if, within the last three years, the director or an immediate family member of the director is an executive officer, director, or trustee of a tax exempt organization to which the Company makes contributions in an amount that, in any single fiscal year, exceeds the greater of \$1 million or 2% of the tax exempt organization's consolidated gross revenues. The Nominating and Corporate Governance Committee also will administer standards concerning any charitable contribution to organizations otherwise associated with a director or any spouse of a director. The Committee shall be guided by the interests of the Company in determining whether and the extent to which the Company makes charitable contributions.